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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20054

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In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45

COMMENTS OF SPRINT CORPORATION

SPRINT CORPORATION

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S U M M A R Y

In these Comments, Sprint submits its Universal Service plan which, if adopted, will establish the framework necessary to meet Congressional directives for universal service mechanisms set forth in the Telecommunications Act of 1996. Under Sprint's plan, and as more fully explained below, initially only basic residential telephone service would be subsidized. The federal subsidy amount would be the difference between a federal benchmark affordable price of basic service and the economic cost to provide such basic service. The subsidy would be available only to those customers in areas where the economic cost of providing the supported services are higher than a Commission established federal benchmark affordable price. Economic costs should be determined using the Benchmark Cost Model (the "BCM") previously submitted to the Commission by the Joint Sponsors. The federal benchmark affordable price would, at least initially, be based on the national average rate for basic residential telecommunications service in urban areas.

Under Sprint's plan all interstate telecommunication service providers would contribute to such subsidies in a competitively neutral manner based on total company telecommunications revenues net of payments to intermediaries. Care must be taken to fashion rules regarding how carriers ultimately recover their

contribution from various categories of customers so that universal service funding not result in the perpetuation of the existing above-cost access charge regime. The subsidy would be portable; that is it would be available to any eligible carrier providing service to the consumer, provided that service provider is either a facilities based provider or is paying cost-based prices for the facilities that it is reselling. Collection and distribution of subsidies should be performed by an independent, neutral administrator.

Where actual exchange service prices are below the federal benchmark affordable price, the State jurisdiction would be responsible for funding the difference between the federal benchmark affordable price and the rate the State allows carriers to charge for the supported services. The States should do this through rate rebalancing. Where States do not completely rebalance rates, a State should adopt an explicit, predictable, competitively neutral support mechanism consistent with the rules adopted by the Commission. Contributions would be made by all intrastate carriers and would be based on intrastate revenues net of payments to intermediaries. Under a State support mechanism or through rate rebalancing the implicit subsidies in intrastate access rates would decrease as subsidized prices increase.

TABLE OF CONTENTS

Page

Before the
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In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint") on behalf of the Sprint Local Telephone companies and Sprint Communications Company L.P., submits its Comments in response to the Commission's March 8, 1996 Notice of Proposed Rulemaking and Order Establishing Joint Board ("NPRM")issued in the above captioned docket.

I. INTRODUCTION

The Commission issued this NPRM to implement, in part, the directives set out in Section 101 of the Telecommunications Act of 1996 regarding universal service.[1] In this proceeding the Commission will define the services to be supported by Federal universal service support mechanisms; establish specific, predictable, and competitively neutral support mechanisms; and identify other changes needed in the Commission's rules to fully implement the universal service directives of the TCA. Additionally, the support mechanisms established by the Commission in this proceeding will serve as the guidelines and

1. Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996) (the "TCA") adding new Section 254 to the Communications Act of 1934, codified at 47 U.S.C. Section 254 (hereinafter "Section 254").

framework for any State regulations adopted to preserve and advance universal service.[2]

In particular, Section 254(a)(1) requires the Commission to institute and refer to a Federal-State Joint Board (the "Joint Board") this proceeding so that the Joint Board can recommend policy changes to the Commission's universal service rules. Pursuant to Section 254(b) of the Act, the changes recommended by the Joint Board and those adopted by the Commission must establish a competitively neutral framework to preserve and advance universal service in accordance with these principles: (i) quality services should be available at just, reasonable, and affordable rates; (ii) access to advanced telecommunications and information services should be provided in all regions of the Nation; (iii) consumers in rural and high cost areas throughout the Nation, including low-income consumers, should have access to telecommunications and information services, that are reasonably comparable to those services provided in urban areas and at reasonably comparable rates; (iv) all telecommunications service providers should make equitable and nondiscriminatory contributions to universal service; (v) State and Federal support

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2. Pursuant to Section 254(f) States may adopt their own universal service regulations to the extent such regulations are "not inconsistent with the Commission's rules."

mechanism must be explicit and predictable; and (vi) elementary and secondary schools, health care providers, and libraries should have access to advanced telecommunications services.

It is critical to remember that, overall, the TCA is designed to open local service to competition. Thus, in recommending and adopting policy changes to realize these Congressional directives, it is important that the Joint Board and the Commission remember that policy changes must foster a competitive marketplace and must be neutral in competitive effect; i.e, the changes should not unduly favor the incumbent or the new entrant.

Additionally, in order to address the Congressional directive for "specific" and "predictable" subsidies in both the State and Federal jurisdictions, the Joint Board and Commission must go beyond what is outlined in the instant NPRM. The NPRM does not address the implicit subsidies (e.g., access, toll and business service or tariff charges that are priced above or substantially above economic cost) that exist today. Under Sprint's proposal, as the explicit, competitively neutral subsidy system is implemented and implicit subsidies such as the CCL are eliminated, incumbent LECs would rebalance prices by decreasing implicit subsidies and offsetting such subsidy losses by bringing other charges, such as the Subscriber Line Charge, to cost.

In these Comments, Sprint submits its Universal Service plan which, if adopted, will establish the framework necessary to meet these Congressional directives. Under Sprint's plan, and as more fully explained below, initially only basic residential telephone service would be subsidized. The federal subsidy amount would be the difference between a federal benchmark affordable price of basic service and the economic cost to provide such basic service. The subsidy would be available only to those customers in areas where the economic cost of providing the supported services are higher than a Commission established federal benchmark affordable price. Economic costs should be determined using the Benchmark Cost Model (the "BCM") previously submitted to the Commission by the Joint Sponsors.[3] The federal benchmark affordable price would, at least initially, be based on the national average rate for basic residential telecommunications service in urban areas.[4]

Under Sprint's plan, all interstate telecommunication service providers would contribute to such subsidies in a competitively neutral manner based on total company telecommunications revenues net of payments to intermediaries. Care must be taken to fashion rules regarding how carriers

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3. MCI Communications, Inc., NYNEX Corporation, Sprint/United Management Company and US West, Inc. (the "Joint Sponsors") submitted the Benchmark Costing Model: A Joint Submission, Copyright 1995, CC Docket No. 80-286, (Dec. 1, 1995). See, NPRM at para. 31

4. There are at least two options for determining this urban rate. First, the FCC already reports nationwide average residential service prices in Trends in Telephone Service. The underlying urban price data could be used to calculate an average urban price. Second, NARUC publishes Exchange Service Telephone Rate. The underlying data are collected by Bellcore. The urban prices in this report could be used to estimate an average urban price.

ultimately recover their contribution from various categories of customers so that universal service funding not result in the perpetuation of the existing above-cost access charge regime in another form, i.e., the new universal service plan cannot allow what must be made explicit to once again become implicit. The subsidy would be portable; that is, it would be available to any eligible carrier providing service to the consumer, provided that service provider is either a facilities based provider or is paying cost-based prices for the facilities that it is reselling. Collection and distribution of subsidies should be performed by an independent, neutral administrator.

Where actual exchange service prices are below the federal benchmark price, the State jurisdiction would be responsible for funding the difference between the federal benchmark affordable price and the rate the State allows carriers to charge for the supported services. States should rebalance rates, dollar for dollar, to bring exchange prices in line with the federal benchmark affordable price standard.

In situations where States do not completely rebalance prices, and during any transition to cost-based prices, the States should adopt explicit, predictable, competitively neutral support mechanisms consistent with the rules adopted by the Commission. Contributions would be made by all intrastate carriers and would be based on intrastate revenues net of payments to intermediaries. Through rate rebalancing or under a State support mechanism as the implicit subsidies are decreased, exchange prices should be increased.

Finally, Sprint addresses the issues of low income subsidies, additional support and advanced services to educational institutions and health care providers, and appointment of an independent administrator.

II. BASIC RESIDENTIAL TELEPHONE SERVICES ARE THE ONLY SERVICES THAT SHOULD BE SUBSIDIZED AT THIS TIME.

The Commission seeks comment on what telecommunications services should receive universal service support. The Commission suggests a certain group of core services which are to be supported for consumers of low income or in rural areas. The Commission also seeks comment on additional and advanced services for providers of health care or educational services.

At this time only basic residential telephone services should be generally supported for residential subscribers. As the Commission suggests, basic residential telephone service includes one line to the residential customer that provides (i) single-party local service, (ii) access to touch tone dialing, (iii) access to carriers of choice, (iv) access to operator services, and (v) access to emergency (911) services.[5] These are the services that should be subsidized because these are the only services that "have, through the operation of market choices by customers, been subscribed to by a substantial majority of

5. NPRM at para. 16.

residential customers"[6] and that "are being deployed in public telecommunications networks by telecommunications carriers."[7] It is premature for the Commission or the telecommunications service provider industry to presume today what other services should be targeted for universal service support. The Commission and State Regulators should not define and determine the market -- rather consumers in an open and increasingly competitively marketplace should be the determiner of what services they believe are important.

One of the Congressional guiding principles or directives for the new universal service scheme is that "Access to advanced telecommunications and information services should be provided in all regions of the Nation."[8] However, Congress qualified this goal by recognizing that "Universal service is an evolving level of telecommunications services that the Commission shall establish periodically"[9] and that in determining the definition of the services to be supported, the Commission should consider, inter alia, the extent to which such services: "(B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers."[10] At this

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6. Act at Section 254(c)(1)(B).

7. Act at Section 254(c)(1)(C).

8. Section 254(b)(2).

9. Section 254(c)(1).

10. Section 254(c)(1)(B).

time the basic residential services identified by Sprint are the only telecommunications services that meet this qualification.

It is critical that only services that a majority of consumers have subscribed to be funded because ultimately it is the consumer that funds the subsidy. If services are supported that a majority of consumers have not subscribed to, then consumers in high cost areas receive subsidies for services that are unwanted by the majority of consumers, the very group that ultimately funds the subsidy. Such a result is unwarranted and contrary to the idea of lessened regulatory burdens and increased competition with its associated freedom of choice.

Sprint recommends that the BCM be reviewed periodically for needed modifications and updates. Sprint believes such a periodic review process will also work well for a review of the services to be supported.

III. THE FEDERAL SUBSIDY SHOULD ONLY BE AVAILABLE IN HIGH COST SERVICE AREAS WHERE THE ECONOMIC COST OF PROVIDING THE SERVICE IS HIGHER THAN THE FEDERAL BENCHMARK AFFORDABLE PRICE AND THE AMOUNT SHOULD BE THE DIFFERENCE BETWEEN THE FEDERAL BENCHMARK AFFORDABLE PRICE AND THE ECONOMIC COST

The Joint Board should recommend and the Commission should adopt a support mechanism whereby federal universal service support should only be available to those eligible service providers that provide all of the basic residential telecommunications services to high cost Census Block Groups ("CBGs");[11] i.e., CBGs where the BCM identified economic cost of

11. A CBG is a geographic unit defined by the Bureau of the Census which contains approximately 400 households.

providing service is higher than a Commission determined federal benchmark affordable price for the services. This federal benchmark affordable price must be set at an amount that is reasonable and affordable. Sprint believes that, at least initially, a good barometer of what is a reasonable and affordable rate is the national average rate for basic residential service in urban areas, including the existing and future increases in the Subscriber Line Charge (the "SLC"), taxes and surcharges, such as surcharges for 9-1-1 service.

Urban rates are the appropriate measure for determining affordability because the Act requires that the services available in urban areas should also be available in rural areas "at rates that are reasonably comparable to rates charged for similar services in urban areas."[12] Subjecting the entire nation to this federal benchmark affordable price standard is necessary to ensure that all CBGs and all eligible carriers are treated equally and, at the same time, to ensure that reasonably priced basic residential telecommunications services are available to the general public. The high penetration rate at existing urban prices would also strongly suggest that these rates would by consistent with similarly high penetration levels in more rural areas.

The federal subsidy would only be collected and paid for services in those CBGs where the economic cost of providing service is higher than the federal benchmark affordable price.

12. Section 254(b)(3).

The actual amount of the federal subsidy would be set at the difference between the economic cost and the federal benchmark affordable price.

Using economic cost as the starting point in calculating subsidy amounts is appropriate because this is consistent with the development of competitive markets. As markets become competitive, prices naturally move toward the economic cost of providing the service. This should be true for the basic residential telecommunications services market. However, for some customers, and particularly in some high cost areas, prices set at economic cost will be unaffordable. Accordingly, in order to meet the goal of universal service regulators will keep prices below economic cost for these customers and in these high cost areas.

However, even the adoption of this "appropriate" amount of subsidy will foster a neutral, competitive marketplace only if the subsidy stays with the customer when the customer changes service providers - i.e., if the subsidy is portable among eligible service providers. If the subsidy is not portable, then no amount of subsidy will be the correct amount because non-portable subsidies distort competitive markets. For instance, if the subsidy system favored one local service provider (e.g., the incumbent LEC) over others, the subsidized provider could keep its prices below its costs and remain profitable. In this instance the incumbent LEC could maintain prices below costs because its receipt of the subsidy maintains its financial viability. Such below cost pricing becomes an effective barrier to competition because potential competitors, who are not entitled to receive a subsidy, will be discouraged from entering the market if they cannot price at a cost below the subsidized price -- even though they may be able to provide the services at a cost less than the subsidized provider's cost.[13] Accordingly, the subsidy amount must be portable if competitive neutrality is to be provided pursuant to the Commission's statutory obligations.

It is also critical that the Joint Board recommend and the Commission adopt the use of the BCM as submitted by the Joint Sponsors in determining the economic cost of providing basic residential telephone service. The BCM applies one subsidy system uniformly throughout the entire nation in a manner that is consistent with price regulation and is, therefore, consistent with competition.

The BCM must be used across the entire nation because it eliminates the need for examining individual company costs and for establishing costing systems on a case-by-case basis. The BCM treats all companies, and all areas, equally and fairly because they ignore the varying degrees of economic efficiency and biases present at individual companies. The BCM is consistent with price regulation because benchmark costs function

13. Section 253 of the Communications Act of 1934, 47 U.S.C. Section 253, as amended by the TCA, precludes any State or local statute, regulation, or legal requirement that prohibits or effectively prohibits the ability of an entity to provide any interstate telecommunications service.

for the service provider in a similar manner to price regulation <u>e.g.</u>, the revenues from the prices customers pay plus the subsidy allow a reasonably efficient eligible service provider to be financially viable, but are not affected by the provider's accounting costs. Additionally, the BCM's use of public data prevents an individual service provider from affecting prices or the subsidy amount by inflating or misreporting costs. Thus, as with price regulation, eligible service providers are encouraged to operate efficiently.

The use of the BCM is consistent with competition because the BCM functions like marketplace prices: (i) the provider's revenues from basic services are based on economic cost; (ii) eligible service providers cannot raise or lower the subsidy amount (just like individual service providers cannot set prices in competitive markets); and (iii) the subsidy amounts are easily portable among eligible service providers (just like revenues from prices are portable in competitive markets.) Thus, the eligible service provider's revenues from the subsidy are based on the provider's ability to obtain and retain customers, just as would happen in a competitive market without subsidies.

The BCM is an engineering model that uses current costs of designing and building a state of the art loop and switching network to serve consumers out of existing incumbent LEC switching locations and using the current national local exchange network topology. The BCM does not define the actual cost of any provider, nor the embedded cost that an incumbent LEC might experience in providing telephone service today. Rather, the BCM provides a benchmark measurement of the relative costs of serving customer residing in given areas, defined by CBGs.

The BCM is relatively simple to use. While it is a large computer model that uses data from several hundred thousand census blocks, it is still far simpler than the revenue requirement data used today to calculate high-cost assistance. Updating the model will be a simple matter of changing the numbers in selected cells of the BCM, a task far simpler than updating, recalculating and auditing high-cost assistance using revenue requirements from 1,400 local telephone companies. Additionally, because the data in the BCM model do not rely on reported costs, but are public, the model is not subject to manipulation or misreporting.

Sprint believes it is appropriate and necessary to use small areas such as CBGs in preparing the BCM. The traditional subsidy system averages costs across high cost and low cost areas, generally rural and urban areas. CBGs are small enough (approximately 400 households) to segregate an individual service provider's high and low cost areas and thereby better target support to areas where it is needed. Additionally, by using averages developed over small areas customers within each area should have similar cost characteristics than if larger areas were averaged. This is important to facilitate efficient competition by closely matching subsidies to cost.

The BCM model is based on economic cost of service.

Existing support mechanisms are based on individual companies' averaged embedded book costs that have been incurred over time to provide a level of service prescribed by federal and state regulators. The BCM's estimate of economic cost of providing the supported service is based on the Total Service Long Run Incremental Cost (TSLRIC) with a "reasonable share of the joint and common costs of facilities used to provide those services."[14] TSLRIC represents the costs of all of the resources a service provider uses to provide the services. Shared costs are costs that are caused by multiple services rather than a single service.

Including TSLRIC and shared costs is appropriate because it is consistent with the price levels in competitive markets and with economic theory.[15] In competitive markets, prices generally cover their TSLRIC and make a contribution to shared costs. Prices cover TSLRIC in order to compensate the provider for all of the costs the provider incurs specifically to provide the service. There are two reasons why prices generally make a contribution to shared costs. First, companies must receive sufficient revenues to cover shared costs in order to remain in business, so prices in competitive markets reflect companies' shared costs. Second, a particular service's prices can exclude shared costs only if the remaining services can be priced at

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14. Section 254(k).

15. Mark A. Jamison, General Conditions for Subsidy-free Prices, J. Econ. Bus. (forthcoming issue).

stand-alone cost, i.e., total cost of a company that produces only those services. Pricing at stand-alone cost is generally not feasible if other companies can provide the services at a cost lower than stand-alone cost.

IV. INTERSTATE TELECOMMUNICATIONS PROVIDERS DESIGNATED AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER SHOULD RECEIVE SUPPORT FUNDS

Section 254(e) requires that subsidies go only to eligible telecommunications carriers that have been so certified by the State. To be certified these carriers must provide all of the basic residential telecommunications services that are defined by this Commission as the services to be supported throughout the service area. In the provision of these services the carrier must use at least some of its own facilities and must advertise the availability of the services through out the service area.

Sprint recommends that CBGs be used to define service areas. The only exception would be for rural telephones companies because the TCA requires:

> In the case of an area served by a rural telephone company, 'service area' means such company's 'study area' unless and until the Commission and the States, after taking into account recommendations of a Federal-State Joint Board instituted under section 410(c), establish a different definition of service area for such company.[16]

Using CBGs will keep the service areas in line with how costs are developed through the BCM and thus ensure competitive neutrality. All carriers certified by the State should be eligible to receive subsidies provided they meet the statutory

16. TCA Section 102, codified at 47 U.S.C. Section 214(e)(5).

requirements of providing basic residential telecommunications services throughout the CBG and advertise same. Additionally, the carrier must either be providing the service over its own facilities or over resold facilities (if the reseller has some of its own facilities in the area) for which it pays cost-based prices. To do otherwise would advantage the reseller and distort the competitive market.

This latter requirement is necessary to ensure that revenues are matched with costs, i.e., the entity that mixes resale with some of its own facilities paid cost-based prices for unbundled network elements and received the subsidy to support the below-cost prices that it must charge because of the below-cost prices required by the state determined rate for the incumbent LEC. Additionally, requiring that the subsidy only be paid to resellers that have some of their own facilities and that pay cost based prices for the unbundled network assets or resold facilities is consistent with the requirement of Section 254(e) that states a "carrier that receives such support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended."

V. ALL INTERSTATE TELECOMMUNICATIONS SERVICE PROVIDERS SHOULD CONTRIBUTE TO FEDERAL UNIVERSAL SERVICE BASED ON THEIR TOTAL TELECOMMUNICATIONS REVENUES NET OF PAYMENTS TO INTERMEDIARIES.

Section 254(d) requires "Every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service." The required contribution should be based on such provider's total telecommunications revenues, interstate and intrastate, net of payments to intermediaries and must be competitively neutral.

The contributions should be based on total telecommunications revenues to provide a match between the infrastructure being subsidized and the source of the subsidy. Broader revenue targets would disadvantage companies that diversify outside traditional telecommunications markets. Narrower revenue targets would favor one type of company over another and create an undue administrative burden to enforce. For example, excluding basic service revenues would, at least initially, unreasonably favor incumbent LECs. Such a result would be neither equitable nor nondiscriminatory and would not foster the competitive marketplace envisioned by Congress in adopting the TCA.

Contributions must be based on total revenues net of payments to intermediaries to ensure that vertically integrated companies are not advantaged relative to more specialized competitors. Additionally, care must be taken to craft rules regarding how carriers ultimately recover their contributions from various categories of customers so that universal service funding not result in the perpetuation of the existing above-cost access charge regime, i.e., the new universal service plan cannot allow what must be made explicit to once again become implicit.

VI. SIZE OF THE FUND AND ADMINISTRATION

The size of the federally funded subsidy should be the difference between the economic cost of providing basic residential telecommunications services, determined through the BCM, and the nation-wide benchmark price determined by the Commission. Contributions to the fund should be made on a monthly basis through payments to an independent third party administrator. The administrator should make monthly payments of subsidy amounts to those eligible carriers providing basic residential telecommunications services to customers in the identified high-cost CBGs. Ultimately, customers in the high cost CBGs receive the subsidy by paying basic residential telecommunications services prices that are below the economic cost of providing the service.

VII. THE ROLE OF THE STATES

As noted, the States may adopt support mechanisms that are consistent with the Commission rules and that provide specific, predictable and sufficient support to advance and preserve universal service without burdening the Federal mechanisms.[17] Accordingly, Sprint urges the Joint Board to recommend and the FCC to establish guidelines whereby the States will support the difference between the federal benchmark affordable price and the authorized rate charged to residential customers. States should rebalance rates, dollar for dollar, to bring exchange prices in line with the federal benchmark affordable price. In situations where States do not completely rebalance prices, and during any

17. Section 254(f).

transition to cost-based prices, the States should adopt support plans that mirror the Federal plan except that State plans would provide for contributions from all intrastate carriers based on intrastate revenues. Because plans have to be specific and explicit, implicit subsidies such as inflated intrastate access rates have to be eliminated in favor of cost-based prices and Subscriber Line Charges.

Sprint believes this could be accomplished over some reasonably short period of time. Both rate rebalancing and explicit universal service mechanisms must be revenue neutral at their inception. As access and other implicit subsidies such as business rates decrease, local residential rates must increase. As with the federal support mechanisms, care must be taken in fashioning rules on recovery of contributions to ensure that the implicit subsidies do not simply return in a different guise.

VIII. IMPLEMENTATION OF THE SPRINT UNIVERSAL SERVICE PLAN - ELIMINATION OF NON-TARGETED, NON-SPECIFIC SUBSIDIES

The first step in implementing Sprint's plan is to determine the economic costs of basic residential telecommunications service by CBG. The BCM already does this for traditional LEC wireline service. (The BCM is currently being reviewed with regard to adding the cost related to wireless services.) The Commission must then determine the nation-wide benchmark price and then determine the size of the fund and the amount telecommunications carriers should pay. However, these steps alone will not produce a truly competitively neutral and targeted, specific universal service plan. What is needed next is for incumbent LECs to rebalance prices consistent with the new subsidy system. Existing incumbent LEC rates, interstate and intrastate, reflect numerous regulatory pricing policies including rate of return regulation, rate averaging, allocating loop costs to long distance, and allocating costs from high cost areas to low cost areas. These practices have discouraged companies from operating efficiently and have created a maze of implicit subsidies. Use of the Sprint plan with the BCM determined economic costs will produce one explicit support mechanism that replaces all other implicit and explicit support mechanisms.

For example, interstate rate rebalancing should move toward the elimination of the Carrier Common Line charge (with an increased Subscriber Line Charge), the Residual Interconnection Charge, and the existing Universal Service Fund. Interstate access charges must be reviewed to eliminate implicit subsidies, and to move access prices to economic costs. In short, to truly accomplish universal support reform that establishes universal support mechanisms that are specific, targeted, and competitively neutral, Sprint urges the Joint Board and the Commission to focus on comprehensive reform rather than trying to limit reform to a single issue such as high cost support or the Carrier Common Line charges.

IX. LOW INCOME SUPPORT

The Commission seeks comments on what changes are needed to existing support mechanisms for low-income support.

Specifically, the Commission requests comment on whether certain steps should be taken such as imposing mandatory toll restrictions requirements or imposing a mandatory rule regarding disconnection of local service for nonpayment of toll.

Sprint does not support such changes. The existing mechanisms e.g., Lifeline and Link-Up should be kept in place. However, better educational efforts should be made to ensure that eligible low-income consumers are aware of these programs. As Sprint commented in the Commission's Subscribership proceeding,

> In some states, for example, information on Lifeline and Link-Up assistance is given to applicants for public assistance as part of an informational package. This practice is not universal, however, and the Commission could take steps to encourage the further dissemination of this information.[18]

Further, Sprint does not support the adoption of any mandatory disconnection or toll restrictions. Most of Sprint's local telephone companies already offer toll restrictions services at low monthly recurring charges. These plans largely arose in response to the marketplace rather than to regulatory fiat. As Sprint noted in its Subscribership comments "telephone companies do not go around trying to find excuses to disconnect customer for nonpayment: there is no economic incentive to do so...."[19] Quite simply, it is in the telecommunications service

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18. <u>In the matter of Amendment of the Commission's Rules and Policies to increase Subscribership and Usage of the Public Switched Network</u>, CC Docket 91-115, Comments of Sprint Corporation, September 27, 1995, at pp. 11-12.

19. <u>Id.</u>, at p. 7.